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FBI SPY ARREST WALKER: This is Kenneth Walker in Washington. officials of the Justice Department and the FBI tried to put the best face on it, but it was clear that they don't yet know or they're unwilling to state publicly the extent of the damage from the Soviet KGB's apparent penetration of U.S. foreign counterintelligence activities. WILLIAM\WEBSTER (FBI director): I'd rather not discuss the damage itself. We're still assessing it. But I think that the vigorous nature and intensive investigation acted to limit what might have been a far more serious situation. <u>WILLIAM\FRENCH\SMITH</u> (U.S. attorney general): I have no doubt that the Soviets will do a great deal to find out about our counterintelligence efforts, but beyond that, I can't add anything specific.

> WALKER: But the KGB has apparently learned a great deal about U.S. counterintelligence from this case. The government affidavit filed in the case shows that among the classified documents Miller allegedly turned over was one entitled 'Reporting Guidance: Foreign Intelligence Information.' According to the affidavit, this document '...would give... KGB a detailed picture of ...intelligence activities, techniques and requirements.' That, one FBI source told ABC News, could be 'compared to the breaking of the Japanese military code during World War II.' Officials say Miller has admitted turning that document over, that after he was placed under surveillance, other FBI agents say Miller turn over other documents as well. Based on the sketchy information available about the extent of the KGB penetration, some intelligence experts suggest the Soviets may have scored a coup. RAY\CLINE (former CIA deputy director): It would enable the KGB to reconstruct the state of knowledge in the United States about KGB operations here. And that is, of course, enormously useful.

WALKER: Whatever the damage to the FBI, it appears it could have been worse. Agent Miller was set to travel next week to the Eastern bloc to exchange much more information for money. Kenneth Walker, ABC News, at the FBI in Washington.